

In 2022 the ICAE reconvened for the first time in-person at our exchange held in Savannah, Georgia. The spirit of collaboration and camaraderie was on display from the opening evening's reception on September 25th through to the closing remarks and subsequent farewells at noon on the 28th. It was abundantly evident that past attendees and first-timers alike, were excited to see each other and attend a non-virtual event!

Monday September 26, 2022 Session

In addition to the opening remarks by ICAE President, Susan Hatfield, on Monday morning, past president, Joan Olson, welcomed the attendees to Savannah with the following remarks:

Georgia's first city, which was established in 1733. She noted that it was designed as a series of neighborhoods centered around 24 squares. Probably the most famous is Chippewa Square at the center of the downtown historic district. The square is the location of the famous park scenes from the movie Forrest Gump. Tom Hanks, who played Forrest Gump, sits on the park bench in Chippewa Square for about 80% of the film telling his life story to anyone who would listen. The bench that was used in the film can now be found in the Savannah History Museum located in the Savannah Visitor's Center.

Savannah is known for its manicured parks, horse-drawn carriages, and antebellum architecture. Joan discussed the cargo ships that travel the Savannah River daily. When Savannah was first established the river was only 12 feet deep but over the year's it has been dredged to approximately 47 feet, which is needed for those big ships.

Its historic district is filled with cobblestoned squares and parks shaded by oak trees covered with Spanish Moss, which interestingly enough is not moss or native to Spain. It's a plant from the same family as pineapples. Savannah has some great tours explaining the history of this beautiful city. If you take a tour, you will learn that the expression, "Don't let the bed bugs bite," came from the days when the early settlers used the moss to fill pillows and mattresses. However, the moss is filled with chiggers, which leave painful, itchy bites.

Savannah is the birthplace of Juliette Gordon Low, the founder of the Girl Scouts and the location of another famous book and movie, "Midnight in the Garden of Good and Evil." For those familiar with the book, you will instantly recognize the statue on the book's cover called, "The Bird Girl." This statue is located in the Telfair Academy Museum. If you enjoy art and museum's check out the Jepson Center, which houses world class art, and the Owens-Thomas House and Slave Quarters, where original slave quarters are intact.

After experiencing Savannah's Art & Culture, stroll down to Jones Street, which has been named the prettiest street in America. The street is lined with towering evergreen trees, Greek Revival homes and 19th century architecture. Supposedly the expression, "Keeping Up with the Joneses" originated on Savannah's affluent Jones Street.

And we can't forget about Savannah's cuisine. In 2019, Southern Living magazine named Savannah one of the South's best food cities. Some must haves while in town are:

- *Fried Green Tomatoes*
- *Shrimp & Grits*
- *Pralines, which you can get on River Street at Savannah's Candy Kitchen*
- *Peaches*
- *Chatham Artillery Punch*

For those of you who like a good scare, you're in the right city because Savannah is also known as one of the most haunted cities. Moon River Brewing Company is known as the most haunted place in town.

If you want to expand beyond Savannah, you can visit Tybee Island, which is known as Savannah's Beach, for some fun and sun.

Following these opening remarks, the session moved to the Commissioners Panel:

Andy Case of the Mississippi Department of Insurance facilitated the Commissioners Panel, which featured Mike Causey - North Carolina Insurance Commissioner, Mike Chaney - Mississippi Insurance Commissioner, Mark Fowler - Acting Commissioner of the Alabama Department of Insurance and Katie Johnson from the Virginia Bureau of Insurance on behalf of Commissioner Scott White.

Andy Case asked Commissioner Chaney to inform the members what were the focus areas of the NAIC. Commissioner Chaney advised that pet insurance, redlining, artificial intelligence/big data/data mining, and climate change were big issues facing regulators and the industry at this time.

Next, the commissioners were asked to provide the status of the insurance industry in their respective states. Overall, property & casualty and life & health insurance were healthy in all the states, but there was limited competition in the health insurance industry. The commissioners emphasized that competition and access aren't the same. This was discussed because an area that needs to be addressed is the access to health insurance in the rural areas.

Discussion was had regarding private flood insurance, and the commissioners feel that portability between federal products and private flood insurance needs to happen. Further, the commissioners are encouraging increased activity by the private flood insurance market in their states. North Carolina advised that after Hurricane Matthew in 2016, Milliman conducted a survey, which revealed that 98% of the people in North Carolina didn't have flood insurance, but they are finally seeing more carriers offering private flood insurance.

The next topic discussed was credit scores. The commissioners understand the use of credit scores in underwriting and evaluating risk. The Mississippi Commissioner believes it will always be used for underwriting, but it won't be weighted as heavily. Virginia advised that they have a statute on how carriers can use credit. It was discussed that most of the complaints about credit scores is around transparency in the use of credit scores and ratings. All the commissioners felt that credit scores will be around for a long time, but they also agreed that there needs to be more transparency and there shouldn't be any discrimination. They also felt that health debt should not be used in credit ratings or for underwriting purposes.

The facilitator asked the commissioners what they would like to see insurers do to make their jobs easier, and all agreed that transparency with consumers was key. Mississippi also added that agent education on policy benefits would be helpful.

Lastly, the commissioners were asked what their biggest challenges are. They all explained that loss of staff, especially experienced staff members, and knowledge transfer were the challenges facing their departments.

Authored by: Joan Olson

Keynote Speaker: Joelle Murchison

Topic: Diversity & Inclusion

Following the commissioner's panel, the day's morning session moved on with the conference keynote speaker, Joelle Murchison who founded EMG. She highlighted the need for us to practice "inclusive excellence" by putting our values around diversity, equity, and inclusion into practice in our daily lives and creating an environment where everyone can thrive and succeed.

She posed the questions "Do we live our values?" "Do we build a workplace where everyone would want to work and there are no barriers to information and access to opportunity?"

The emphasis during this discussion was that you can create that environment at work. Don't just rely on your organization's code of conduct or values statements to make it happen or foster that environment. You as the individual are responsible and can make that environment a reality.

Diversity – is about many factors, race, gender, sexual orientation, ethnicity to name a few.

Inclusion – is what we do with diversity.

Equity – is a cousin to D&I, ensuring that people have what they need to succeed. Sometimes we don't all need the same things (equality) – we may need different things.

There are Visible Traits and Invisible Traits of Diversity. Joelle used a slide of a glacier to demonstrate how what we can see (visible) is only a small fraction of what makes up that glacier. The invisible part is much larger and below the surface, just as with people. We make assumptions about people based on the visible traits (skin color, gender, body size), but you cannot know a person without seeing the invisible (sexual orientation, education, religion, ethnicity, work background).

Joelle then had the audience complete an exercise where we turned to our neighbor at the table and shared two stories:

Story of pain about yourself related to visible/invisible traits

Story of pride about yourself related to visible/invisible traits

The exercise centered on getting to know people outside of your affiliation with them through the organization you both participate in.

The keynote then moved to a discussion of how each of us defines ourselves in the context of how society defines us. Recognizing that you may define yourself differently than others around you. In our work environment, it is important to identify all the dimensions that our team members bring to the table.

Understanding the shifting landscape is important:

Diversity of Ideas: Technology, Collaboration, Innovation and Disruption

Diversity of Talent: Workplace Expectations, Work/Life Balance and Generational

Diversity of Markets: Emerging Markets and Trends

Diversity of Customers: Demographic Change, Attitudes, Increased Choice, and Personalization

Joelle then posed the question “What is the Business Case for Diversity?” The studies demonstrate again and again that companies gain a competitive advantage when they embrace diversity. Also, you gain unique perspectives from a diverse workforce, more employee engagement, and better connections to customers/clients just to name a few.

Gender diverse companies are shown to be 15% more likely to outperform their competitors who are not. Ethnically diverse companies are 35% more likely to outperform non-ethnically diverse competitors. Inclusive teams outperform their peers 80% on team-based assessments!

Joelle led the audience through an exercise where each person put different colored beads into a cup as we answered questions about the relationships in our lives. From close family, friends to colleagues and service providers (doctors, lawyers etc.) with whom we had relationships. She emphasized that this exercise was to raise awareness and not to shame anyone about diversity in their personal lives. The author of this segment already suspected his cup would be primarily one color but was surprised how much so as the exercise extended out to the larger universe of his contacts.

In closing, the take-away which most stood out to this participant was the following: “You don’t know what you don’t know about others.”

Contributed by: Adam Stanhope

Panel: Consumer Data Privacy

Moderator: Brenda Cude, Professor Emeritus, University of Georgia

Panelists: Lois Alexander & Jennifer McAdam, NAIC ; Katie Johnson, Virginia BOI ; Gary Sullivan & Bob Woody, APCIA ; Amy Mushahwar, Alston & Bird LLC

Privacy - control over information and possessions, the desire to keep things to themselves

Americans: are concerned about how much data is collected about them

ICAE was a little more concerned than the rest of the public.

Very few understand how the data is being used, most don't read the privacy policies, don't understand the laws and regulations

Health and life insurance companies are among the least trusted industries

Most people said very little benefit to the data that is collected by you

Jennifer McAdam- 5 states have comprehensive laws: CA, VA, CO, CT, UT

CPRA - 2023 carve,

GLBA - 2000, HIPAA - 1996, Federal Privacy Act - 1970's

Federal law is being reviewed but nothing in the short term

FCRA notice should be separated from other notices

Contributed by: Susan Hatfield

Tuesday September 27, 2022 Session

Topic: Cybersecurity Privacy Rights and Ethical Fraud Investigations

Presenter: Matthew Smith, Coalition Against Insurance Fraud

Marriott Corporation as an example had a half billion customers data stolen

Anthem - 80 million stolen

Post COVID largest target of cyber-attacks are in financial and insurance services. Insurance legal up 68%. Healthcare up 71%.

Cybercrime damage \$16.4 billion per day.

Stolen and Synthetic Identities (digital creation, can be entirely fabricated or a blend or real)

Poll taken showed that 25% of consumers feel it is okay to inflate costs on an insured claim.

Cost of insurance fraud is \$80 billion in 1995 but new study conducted put the # at \$308 Billion.

Only 13% of consumers trust insurers.

Premium optimization – algorithm looks at companies who shop premium and those that stay and those which are more elastic and rate differently.

Data scientists don't care about Data Lake rather the Data Tree. But they can't explain to judges how the data in the lake and what came out on the tree.

How are consumers being profiled? 83% consumers are not comfortable with insurance claims reviewed by AI.

Example of Lemonade – takes only 3 seconds to pay a claim. 2017 166% loss ratio. Dropped by 93 percentage in 5 years.

How can we shape the future?

Data Quality and Insufficient Data are concerns – are insurers going too fast?

What can we do?

- 1. Do the right thing*
- 2. Make disclosures clearer*
- 3. More transparency*

This will bring more trust.

Author: Jim McNally

Presenter: John Zillmer, Zurich

Topic: Catastrophes

Knowledge gained from Catastrophic events (The disaster is what happens after the catastrophe)

- How to plan better in advance*
- Establishing emergency plans for peril-specific CAT's (different resources for flood vs. fires, for example)*
- Unfortunately, some knowledge and insurance regulations/plans are after the event occurs (NFIP – private insurance was not available before, but these types of initiatives do come from CAT experiences to help people in the future)*
- Flood Mapping (these must continuously be updated)*

Emergency Preparedness

- *California (Fire Protection Standards)*
 - *Protect Structures & account for fire resistant materials*
 - *Trim trees on the property, remove combustible materials from sheds, etc.*
 - *Community – establish a clearly defined evacuation plan, inform, and educate the public*

Flood Coverage

- *Set minimum/similar flood coverage for private flood insurance to NFIP*
- *Some states (Alabama) allow a discount for multiple properties to be covered when located at the coast*
- *Discounts for meeting safety criteria*
- *Federal level – tax incentives*
- *In states like Florida where there is a lack of competition for flood coverage carriers, re-insurance can help*

Impact of Catastrophes

- *Fraud can rise after a CAT, and increased cost of materials – material shortages*
- *Temporary adjusters licenses are permitted to help handle/resolve the high number of claims*

Insurers are now required to provide status update letters (claims) and contact information (at least two methods) to reach adjusters

Author: Krista Young

Coordinator: Regina Bourne, Travelers

Topic: Speed Networking with Regulators

This was a first-time event at an ICAE Exchange where the coordinator, Regina Bourne, had attendees at each table network with regulators to “break the ice” and get to know each other as people. She provided some questions to keep the activity moving and dynamic and it was well received according to the feedback we have received in our surveys.

Presenter: Attorney J.D. Keister, McAngus Goudelock & Courie, LLC

Topic: Social Inflation & Legislative Changes to Verdicts

Mr. Keister covered three topics:

Social inflation – society's value of value – exponential impact of litigation verdicts and settlement

Nuclear verdicts generally \$10M or more

Reptile theory – method of trying cases that is being taught to plaintiff attorneys – book from 2009. Good at sharing information. Industry not great with sharing information. Perceived lack of trust.

Verdicts are up 10x since 2014.

Public Opinion versus Big Corporations – families impacted by economic downturns. Millennials have greater distrust for big companies and judges.

Social and Political Changes – angry, polarized, frustrated jurors – magic for plaintiff, danger for Defendants.

Devaluing of the dollar - \$1M now viewed as not a lot of money.

Forced retirement of judges, so now less experienced

Plft's compare sports contracts to verdicts, antique paintings

Social Media influence

3rd-Party Litigation Financing

Reptile Theory attorneys – ask questions in certain ways. Using words like “safety” “Community” “danger to community”

Traditionally questions were posed to express how much the incident has impacted the plaintiff. Now the focus is on safety rules. Make people feel unsafe. These are dangers to the community. By posing the questions in this manner, plaintiff counsel makes the case about the defendant and their posing a danger to the community.

Pre economic downturn study 85% through frivolous lawsuits clog the court system.

2015 survey 85% think corporations should be held to higher standards.

Author: Jim McNally

Topic: Case Studies**Facilitators: Jackie Smiley, Great American Life and Adam Stanhope, Hanover**

The ever-popular case studies session returned with each table being assigned a complaint case to review, evaluate, and report out on their findings/recommendations for resolution. The cases range from automobile and home damage cases to life and health insurance related coverage determinations. As always, this resulted in robust discussion and information sharing among all participants.

Topic: Life & Health Breakout Session**Facilitators: Kristi Colbert, Surebridge and Rochelle Walk, Swiss Re**

On the second day of the 2022 Exchange, the members broke into sessions to discuss issues relating to Life & Health or Property & Casualty insurance. The Life & Health Session was facilitated by Kristi Colbert, SureBridge, and Rochelle Walk, Wilton Re.

The first hot topic discussed in depth was the No Surprises Act. The No Surprises Act was passed to protect individuals covered under group and individual health plans from receiving surprise medical bills when they receive emergency services, non-emergency services from an out-of-network provider (i.e., anesthesiologist) at an in-network facility or services from out-of-network air ambulance providers. The act requires disclosure to the patient of options available when services will be performed by out-of-network providers. The regulators are concerned with conflicting provisions between state and the federal laws. Also, the departments of insurance are seeing a trend where the insurers are informing the consumer to file a complaint with the department of insurance, but departments of insurance don't regulate health providers. Thus, handling complaints from consumers is challenging. Several of the states have initiated campaigns to educate the public of their rights under the No Surprises Act.

Next, the group discussed Pharmacy Benefit Managers, which are a group of companies that serve as the middlemen between insurance companies, pharmacies, and drug manufacturers. They aim to secure lower costs for insurers by negotiating with pharmacies and drug manufacturers. Because this concept is still new, many states are still learning and working through issues, specifically on how to regulate them. Another concern is that the states fear that complaints will not be coded uniformly because of the newness. The NAIC is currently working on a white paper, and Lois Alexander of the NAIC suggested that the regulators send suggestions to her.

Lastly, the members and regulators deliberated on rate increases for long term care policies. The regulators continue to receive numerous complaints relating to the extent of the increases, and all regulators in attendance reiterated frustration with carriers who advise the consumers that the department approved the rates. It was noted that some states have no cap on the percentage of increase, but other states, such as North Carolina, have placed caps (25% in NC). Virginia mentioned that the department held a hearing with the industry and consumers for the insurance carriers to explain and justify premium increases. All the regulators recognize the need for increases to ensure the carrier doesn't go insolvent, but there are still concerns regarding the levels and frequency. Several attendees

advised how their companies are looking into innovative products to meet the needs for long term care insurance while keeping the costs reasonable.

Author: Joan Olson

Wednesday September 29, 2022 Session

Following both the Regulator Breakfast meeting and the ICAE Business Meeting, the entire group reconvened in the main hall for panel discussions related to complaint handling:

Topic: Complaint Topics & Trends

Facilitator: Becca Donegan, Erie Insurance

Panelists: Andy Case, Mississippi DOI; Dusty Smith, Alabama DOI; Deidre Backues, Shelter Insurance and Matt Stiles, EquiTrust

Universal Life Insurance: There is a lot going on in this space. Confusion about coverage because it is a product that needs to be managed and many complaints center on the interest rate return. Diminishing values linked to stock market performance and universal life illustrations are difficult to read/confusing. Most consumers don't understand that it is a blended product.

Another area of concern in life insurance is accelerated benefits with language in some forms being questionable. Regulators have seen some carriers working to address this point.

In the health insurance space, the Federal No Surprise Act was discussed. Regulators are seeing hospitals using out of network suppliers and there is controversy here because of the misuse of funds.

Pharmacy Benefit Managers is a hot topic nationally for those managing health insurance related complaints. Regulators on the panel agreed that there is a need for state legislatures to pass bills that strengthen the laws around pharmacy benefits. New York and Oklahoma are two states that have been driving this discussion, but the regulators agreed that this is a hot topic for regulators across the country.

On the P&C side of the house, regulators and company staff discussed the supply chain issues that everyone is experiencing with automobiles and parts/repair services. The high cost of repairs is driving more cars to be declared a total loss even when the accident severity was low. They also discussed the challenges with "virtual" inspections which while providing faster service to consumers can also raise concerns about fraud.

There was discussion of the lack of available substitute vehicles for consumers due to the shortage of supply in the auto market. Extended repair times, limited coverage under the policy for rental has driven up complaints in this space.

One regulator raised the issue of the higher premium charged for owners of Tesla vehicles due to their inflated repair costs as a driver of complaint activity in his state.

There was also a discussion of policy language for homeowner's insurance regarding matching of materials when siding is only partially damaged, but there is an exclusion for fading/wear and tear. While this is recognized as a standard exclusion by the industry because the policy does not provide maintenance coverage for the home, it generates a number of complaints from consumers.

Author: Rich McGee

At the close of the exchange ICAE President, Susan Hatfield, thanks all attendees for their participation and contributions to the success of the exchange. She previewed that next year's in-person exchange would take place in Hershey, Pennsylvania.

ICAE Catalyst 2022 Exchange Editor: Adam Stanhope, The Hanover Insurance Group

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